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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: February 28, 2010
Estimated average burden
hours per response..... 12.00



09057617

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8- 33222

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2008 AND ENDING 12/31/2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Delta Equity Services Corp.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

579 Main St.

(No. and Street)

Bolton

MA

01740

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Eugene Hayes

(978) 779-5361

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Paolilli, Jarek & DerAnanian, LLC.

(Name - if individual, state last, first, middle name)

319 Littleton Road Westford MA.

01886

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

SEC Mail Processing
Section

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Washington, DC
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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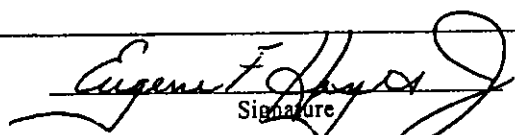
APR 03 2009

THOMSON REUTERS

OATH OR AFFIRMATION

I, Eugene Hayes, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Delta Equity Services Corp., as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


SCOTT E. AUBREY
Notary Public
Commonwealth of Massachusetts
My Commission Expires
April 13, 2012
Scott E. Aubrey
Notary Public


Signature
Financial & Operations Principal
Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

DELTA EQUITY SERVICES CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

**Paolilli, Jarek &
Der Anantan, LLC**

**CERTIFIED PUBLIC
ACCOUNTANTS**

DELTA EQUITY SERVICES CORPORATION

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Gerald F. Paolilli, CPA
Roger P. Jarek, Jr., CPA
Paul G. Der Ananian, CPA

**Paolilli, Jarek &
Der Ananian, LLC**

CERTIFIED PUBLIC
ACCOUNTANTS

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319 Littleton Road, Suite 101
Westford, MA 01886

Independent Auditors' Report

To the Stockholders and Board of Directors
DELTA EQUITY SERVICES CORPORATION
Bolton, Massachusetts

We have audited the accompanying balance sheets of DELTA EQUITY SERVICES CORPORATION, as of December 31, 2008 and 2007, and the related statements of operations, changes in stockholder's equity and comprehensive income, changes in liabilities subordinated to claims of general creditors, and cash flows for the years then ended, that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DELTA EQUITY SERVICES CORPORATION as of December 31, 2008 and 2007, and the results of its operations, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

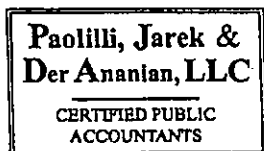
Independent Auditors' Report - continued

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in supplementary schedules contained on pages 15 and 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Paolilli, Jarek & Der Ananian LLC

Paolilli, Jarek & Der Ananian, LLC
Certified Public Accountants

Westford, Massachusetts
February 9, 2009



DELTA EQUITY SERVICES CORPORATION

BALANCE SHEETS

As of December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 1,245,561	\$ 1,080,347
Receivables from clearing brokers	65,000	61,213
Receivables from others	40,394	29,468
Deferred charges	6,265	6,957
Total Current Assets	<u>1,357,220</u>	<u>1,177,985</u>
Fixed assets, net	18,814	13,454
Cash - deposit	114,295	112,196
Other investments	<u>43,421</u>	<u>445,410</u>
Total Assets	<u>\$ 1,533,750</u>	<u>\$ 1,749,045</u>
Liabilities and Stockholder's Equity:		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 203,951	\$ 263,769
Accounts payable - related party	105,646	6,487
Commissions payable - registered representatives	483,123	618,156
Deferred revenue	0	5,841
Commissions payable - related party	<u>23,016</u>	<u>5,869</u>
Total Current Liabilities	<u>815,736</u>	<u>900,122</u>
Stockholder's Equity:		
Common stock, no par; 1,250 shares authorized, 796 shares outstanding	4,820	4,820
Retained earnings	713,194	569,243
Accumulated Other Comprehensive Income:		
Unrealized gain on securities	<u>0</u>	<u>274,860</u>
Total Stockholder's Equity	<u>718,014</u>	<u>848,923</u>
Total Liabilities and Stockholder's Equity	<u>\$ 1,533,750</u>	<u>\$ 1,749,045</u>

DELTA EQUITY SERVICES CORPORATION

STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Commissions	\$ 12,607,646	\$ 15,145,869
Other	<u>18,761</u>	<u>39,715</u>
	<u>12,626,407</u>	<u>15,185,584</u>
Expenses:		
Commissions and clearing costs	8,700,624	11,123,724
Commissions - related parties	<u>102,968</u>	<u>94,888</u>
	<u>8,803,592</u>	<u>11,218,612</u>
Other operating expenses	1,397,618	996,638
Other operating expenses - related party	<u>2,109,703</u>	<u>2,523,683</u>
	<u>3,507,321</u>	<u>3,520,321</u>
Communications	126,216	127,289
Occupancy - related party	102,000	110,000
Occupancy and equipment rental	11,080	9,789
Depreciation	9,612	7,854
Interest	<u>2,779</u>	<u>10,839</u>
	<u>251,687</u>	<u>265,771</u>
Income before other income and income taxes	63,807	180,880
Other Income:		
Realized gain on sale of investments	<u>96,042</u>	<u>0</u>
Income before income taxes	159,849	180,880
Provision for income taxes	<u>15,898</u>	<u>70,060</u>
Net Income	<u>\$ 143,951</u>	<u>\$ 110,820</u>

DELTA EQUITY SERVICES CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY AND COMPREHENSIVE INCOME

For the Years Ended December 31, 2008 and 2007

	<u>Common Stock</u>			<u>Accumulated</u>	
	<u>Number of</u>	<u>Issued</u>	<u>Retained</u>	<u>Other</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Earnings</u>	<u>Comprehensive</u>	<u>Stockholder's</u>
				<u>Income</u>	<u>Equity</u>
Balance, December 31, 2006	796	\$ 4,820	\$ 458,423	\$ 106,560	\$ 569,803
Net Income			110,820		110,820
Unrealized gain on securities				168,300	168,300
Balance, December 31, 2007	796	4,820	569,243	274,860	848,923
Net Income			143,951		143,951
Adjustment to cost upon sale of securities				(274,860)	(274,860)
Balance, December 31, 2008	<u>796</u>	<u>\$ 4,820</u>	<u>\$ 713,194</u>	<u>\$ 0</u>	<u>\$ 718,014</u>

**Paolilli, Jarek &
Der Ananian, LLC**

CERTIFIED PUBLIC
ACCOUNTANTS

The accompanying notes are an integral part
of these financial statements.

DELTA EQUITY SERVICES CORPORATION

STATEMENTS OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Subordinated liabilities at January 1,	\$ 0	\$ 72,000
Increases:		
Capitalization of interest on note	0	12,000
Decreases:		
Repayments on note	<u>0</u>	<u>(84,000)</u>
Subordinated liabilities at December 31,	\$ <u>0</u>	\$ <u>0</u>

DELTA EQUITY SERVICES CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Net Income	\$ 143,951	\$ 110,820
Adjustments to Reconcile Net Income to Net Cash (Used) by Operating Activities:		
Depreciation	9,612	7,854
Gain on sale of investment	(96,042)	0
(Increase) decrease in investments	(43,421)	551,259
(Increase) decrease in accounts receivable	(14,713)	(14,314)
(Increase) decrease in deferred charges	692	(5,459)
(Increase) decrease in cash - deposit	(2,099)	(4,692)
Increase (decrease) in deferred revenue	(5,841)	5,841
Increase (decrease) in accounts payable and accrued expenses	<u>(78,546)</u>	<u>(1,043,146)</u>
Net Cash (Used) by Operations	<u>(86,407)</u>	<u>(379,837)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investment	266,592	.0
Purchase of fixed assets	<u>(14,971)</u>	<u>(9,550)</u>
Net Cash Provided (Used) by Investing Activities	<u>251,621</u>	<u>(9,550)</u>
Cash Flows from Financing Activities:		
Repayment of subordinated liability	<u>0</u>	<u>(84,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	165,214	(473,387)
Cash and cash equivalents - January 1,	<u>1,080,347</u>	<u>1,553,734</u>
Cash and cash equivalents - December 31,	\$ <u>1,245,561</u>	\$ <u>1,080,347</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ <u>2,779</u>	\$ <u>14,839</u>
Income taxes paid	\$ <u>19,456</u>	\$ <u>100,060</u>

**Paolilli, Jarek &
Der Ananian, LLC**

CERTIFIED PUBLIC
ACCOUNTANTS

The accompanying notes are an integral part
of these financial statements.

DELTA EQUITY SERVICES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1. Nature of Business, Summary of Significant Accounting Policies

NATURE OF BUSINESS

Delta Equity Services Corporation (the Company) is located in Bolton, Massachusetts. The Company is a registered Broker and Dealer in securities, and conducts business on a fully-disclosed basis over a nation-wide network of registered representatives. The Company, through its registered representatives, offers services in stocks, bonds, mutual funds, and other securities to retail clients. The Company is subject to the regulations of certain federal and state agencies, and undergoes periodic examinations by the Financial Industry Regulatory Authority (FINRA, formerly the National Association of Securities Dealers, Inc.).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Recognition of Income

Commissions earned on securities transactions and related income and expenses are recorded on a settlement date basis, an industry standard.

Concentration of Credit Risk

The Company maintains a cash balance at a Bolton, MA bank. At times during the years ended December 31, 2008 and 2007, balances on deposit exceeded Federal Deposit Insurance Corporation insured limits.

Management Fees

The Company pays monthly management fees to Andover Capital Corporation, a related corporation wholly-owned by Raymond L. Grenier, the president and sole shareholder of the Company, under a management contract (See Related Party Transactions, Note 6). The fees provide compensation for supervisory responsibilities, and for any operational and overhead expenses incurred. These fees, in addition to the expenses incurred by Andover Capital Corporation in connection with the Company's broker and dealer business, shall include 100% of the Company's first \$100,000 in pre-tax profit, 50% of the next pre-tax profits below \$400,000, and 25% of any pre-tax profit over \$400,000.

See independent auditors' report.

DELTA EQUITY SERVICES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1. Summary of Significant Accounting Policies - continued

Allowance for Doubtful Accounts

Management believes that accounts receivable are fully collectible; thus, an allowance for potentially doubtful accounts was not considered necessary at December 31, 2008 or 2007.

Income Taxes - Federal

The Company has elected, by consent of its stockholder, to be taxed under the provisions of Subchapter S of the Internal Revenue Code, beginning January 1, 2008. Under those provisions, the Company does not pay Federal corporate income taxes. Instead, the stockholder is liable for individual income taxes on his share of the Company's taxable income. The Company provided for income taxes in 2007 based upon pre-tax earnings at applicable federal and state corporate income tax rates.

Depreciation

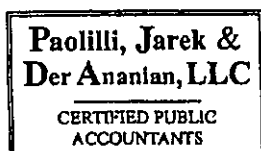
Depreciation is provided for on a straight-line basis using the estimated useful lives of the related assets. The Company's fixed assets at December 31, 2008, and at December 31, 2007, were comprised entirely of computer and office equipment with estimated useful lives of three years (See Fixed Assets, Note 3).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.



See independent auditors' report.

DELTA EQUITY SERVICES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 2. Cash - Deposit

This account represents security deposits required by its clearing brokerage firm, Pershing, LLC. Interest earned on such deposits can be drawn upon by the Company.

Note 3. Fixed Assets

The Company's fixed assets consisted of:

	<u>2008</u>	<u>2007</u>
Computer and office equipment	\$ 73,590	\$ 58,618
Less accumulated depreciation	<u>(54,776)</u>	<u>(45,164)</u>
Fixed assets, net	\$ <u>18,814</u>	\$ <u>13,454</u>

Depreciation expense for the years ended December 31, 2008 and 2007 was \$9,612 and \$7,854, respectively.

Note 4. Other Investments

At December 31, 2008, the Company had short-term positions in certain securities resulting from unsettled sales to customers. The securities, included in the 2008 financial statements at their fair value of \$43,421, were traded on December 30, 2008, but did not settle until January 5, 2009.

At December 31, 2007, the Company's other investments were comprised of equity securities classified as available for sale. Marketable securities considered available for sale were recorded in the financial statements at fair market value, in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities". The corresponding unrealized gain or loss in the fair market value in relation to cost was accounted for as a separate item in the stockholder's equity section of the balance sheet.

During October 2008, the Company sold certain securities, consisting of 9,000 shares of common stock in NASDAQ OMX Group, Inc. (NDAQ), and realized gains were determined using the specific identification method as shown below, and are included in current year earnings.

DELTA EQUITY SERVICES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 4. Other Investments – continued

At December 31, 2008 and 2007, these holdings included the following:

	<u>2008</u>	<u>2007</u>
4,500 shares of common stock of The NASDAQ OMX Group, Inc. purchased in June 2006, at cost of \$72,000, including cost of exercised warrants of \$15,525	\$ 87,525	\$ 87,525
4,500 shares of common stock of The NASDAQ OMX Group, Inc. purchased in June 2005, at cost of \$67,500, including cost of exercised warrants of \$15,525	<u>83,025</u>	<u>83,025</u>
Cost of NDAQ shares	170,550	170,550
Sales Proceeds, October 2008	<u>266,592</u>	
Realized gain on sale of investments	\$ <u>96,042</u>	
Unrealized gain on securities		<u>274,860</u>
Fair Market Value of Investments		\$ <u>445,410</u>

Note 5. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1). This rule requires the maintenance of minimum net capital, and also requires that the ratio of aggregate indebtedness to net capital, as defined by rule 15c3-1, shall not exceed 15 to 1. The rule provides that equity capital may not be withdrawn, liabilities subordinated to claims of general creditors may not be repaid, or cash dividends may not be paid if the resulting capital ratio would exceed 10 to 1. The Company, at December 31, 2008 and at December 31, 2007, had net capital of \$625,033 and \$672,510, respectively, which was \$570,651 and \$612,502, respectively, in excess of its required net capital. At these levels of net capital, the Company's broker dealer activities are limited to introducing customer transactions to buy or sell securities cleared through other broker dealers.

DELTA EQUITY SERVICES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 6. Related Party Transactions

The Company incurred approximately \$103,000 and \$95,000 in commission expenses during 2008 and 2007, respectively, to Raymond L. Grenier, its sole shareholder.

In addition, the Company shares facilities, equipment, and operational resources with Andover Capital Corporation, a related entity wholly owned by Raymond L. Grenier. Supervisory and overhead costs incurred under this arrangement totaled approximately \$2,086,000 and \$2,500,000 for the years ended December 31, 2008 and 2007, respectively.

The Company also provides services to, and receives services from, Bolton Securities Corporation (Bolton), a related corporation doing business as a registered investment advisor (RIA) under an agreement entered into beginning in April 2006. For the services Bolton provides, the Company pays a fee of \$2,000 per month; these fees totaled \$24,000 for the years ended December 31, 2008 and 2007, respectively.

For acting as paymaster for Bolton's registered investment advisor agents and for providing accounting, clerical, legal, supervisory and technical support, the Company receives 25% of Bolton's RIA revenue, net of the related commissions. The Company recognized approximately \$42,000 under this agreement during the year ended December 31, 2008.

The Company leases office space, used as its main headquarters, at 579 Main Street, Bolton, MA, as a tenant-at-will from an entity in which Raymond L. Grenier has a beneficial interest. Rent expense was \$102,000 and \$110,000 for the years ended December 31, 2008 and 2007, respectively.

Note 7. Contingent Liabilities

The Company is contingently liable to indemnify Pershing, LLC for any failure by customers to maintain an adequate margin, to deliver securities sold, to pay for securities purchased, or for any other breach of obligation by customers. Margin balances in customers' accounts averaged approximately \$12,000,000 at December 31, 2008.

DELTA EQUITY SERVICES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 8. Income Taxes

The components of income tax expense, for the years ended December 31, 2008 and 2007, are as follows:

	<u>2008</u>	<u>2007</u>
Federal (refund)	\$ (3,558)	\$ 47,104
State	<u>19,456</u>	<u>22,956</u>
Total income taxes	\$ <u>15,898</u>	\$ <u>70,060</u>

State corporate income taxes are required of Massachusetts S corporations with gross revenues over \$6 million, and over \$9 million, at rates of 3% and 4.5%, respectively, times state taxable income. The Company was subject to this level of S corporation state tax for 2008.

Note 9. Economic Dependency

As part of an agreement with Pershing, LLC, the Company introduces all of its accounts, and clears all customer general securities transactions through Pershing, LLC.

Note 10. Focus (Form X - 17a - 5) Report

A copy of the Company's most recent, annually audited Focus Form X-17a-5 Report (December 31, 2008) is available for examination at the principal office of the firm and at the regional office of the Securities and Exchange Commission.

Note 11. Exempt Provisions Under Rule 15c3-3

The Company claims an exemption from Securities and Exchange Commission Rule 15c3-3(k)(2)(ii), as an introducing broker or dealer who clears all transactions for customers on a fully disclosed basis with a clearing broker or dealer, which carries all the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to rule 17a-3 and 17a-4, as are customarily made by a clearing broker or dealer.

DELTA EQUITY SERVICES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 12. Business Concentrations

The Company had approximately 82 registered representative affiliations during 2008 and approximately 74 during 2007. Six of those registered representatives were responsible for approximately 44% and 45% of the Company's commission volume during the years ended December 31, 2008 and 2007, respectively.

Note 13. Contingencies

During 2008 and 2007, the Company was involved in various claims and lawsuits against the Company, arising in the normal course of business. Management believes that any financial responsibilities that may be incurred in the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

DELTA EQUITY SERVICES CORPORATION

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION**

As of December 31, 2008

COMPUTATION OF NET CAPITAL

Stockholder's Equity		\$ 718,014
Less: Non-allowable assets:		
Unsecured accounts receivable	\$ 40,394	
Fixed assets, net	18,814	
Deferred charges	6,265	
		<u>(65,473)</u>
Tentative net capital		652,541
Less: Haircuts		<u>(27,508)</u>
Net Capital		<u>\$ 625,033</u>

AGGREGATE INDEBTEDNESS

Accounts payable and accrued expenses	\$ 309,597
Commissions payable	483,123
Commissions - related party	<u>23,016</u>
Total Aggregate Indebtedness	<u>\$ 815,736</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum capital requirement	\$ <u>54,382</u>
Excess Net Capital	<u>\$ 570,651</u>
Ratio: Aggregate indebtedness to net capital	<u>1.31</u>

**Paolilli, Jarek &
Der Ananian, LLC**

CERTIFIED PUBLIC
ACCOUNTANTS

See accompanying notes
and independent auditors' report.

DELTA EQUITY SERVICES CORPORATION

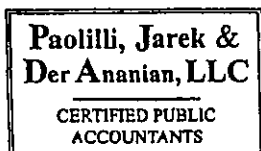
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION**

As of December 31, 2008

RECONCILIATION WITH COMPANY'S COMPUTATION

(included in Part IIA, of Form X-17A-5 as of December 31, 2008)

Net capital, as reported in Company's Part IIA (unaudited)	
FOCUS report	\$ 625,033
Net audit adjustments	<u>0</u>
Net Capital per above	\$ <u>625,033</u>



See accompanying notes
and independent auditors' report.

Gerald F. Paolilli, CPA
Roger P. Jarek, Jr., CPA
Paul G. Der Ananian, CPA

**Paolilli, Jarek &
Der Ananian, LLC**

CERTIFIED PUBLIC
ACCOUNTANTS

Tel. 978.392.3400
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www.pjcpa.com

319 Littleton Road, Suite 101
Westford, MA 01886

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5

To the Stockholders and Board of Directors
DELTA EQUITY SERVICES CORPORATION
Bolton, Massachusetts

In planning and performing our audit of the financial statements and supplementary schedules of DELTA EQUITY SERVICES CORPORATION for the year ended December 31, 2008, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

We also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions related to customer securities, we did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons, in the recordation of differences required by rule 17a-13, or in complying with the requirements for prompt payment for securities under section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives.

Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used for any other purpose.

Paolilli, Jarek & Der Ananian LLC

Paolilli, Jarek & Der Ananian, LLC
Certified Public Accountants

Westford, Massachusetts
February 9, 2009

